

SENATE, No. 3941

STATE OF NEW JERSEY

218th LEGISLATURE

INTRODUCED JUNE 13, 2019

Sponsored by:

Senator STEVEN V. OROHO

District 24 (Morris, Sussex and Warren)

Senator JOSEPH PENNACCHIO

District 26 (Essex, Morris and Passaic)

Co-Sponsored by:

Senator A.R.Bucco

SYNOPSIS

Provides sales tax reduction on certain sales made in municipalities located within Highlands Region Preservation Area.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 9/11/2019)

1 AN ACT concerning the rate of taxation under sales and use tax in
2 municipalities located within Highlands Region Preservation
3 Area, and supplementing P.L.1966, c.30 (C.54:32B-1 et seq.).
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

8 1. a. Receipts of qualified retail sales made by a seller from a
9 place of business located in a municipality that is wholly or
10 partially located within the preservation area of the Highlands
11 Region, as described in subsection b. of section 7 of P.L.2004,
12 c.120 (C.13:20-7), are exempt to the extent of 50 percent of the tax
13 imposed under the "Sales and Use Tax Act," P.L.1966, c.30
14 (C.54:32B-1 et seq.).

15 b. As used in this section:

16 "Place of business" means a store regularly operated by the seller
17 for the purpose of making retail sales at which items are regularly
18 exhibited and offered for retail sale, and which is not used primarily
19 for the purpose of catalogue or mail order sales.

20 "Qualified retail sales" includes all retail sales except for the
21 retail sale of motor vehicles, alcoholic beverages, specified digital
22 products, and cigarettes as defined in the "Cigarette Tax Act,"
23 P.L.1948, c.65 (C.54:40A-1 et seq.).
24

25 2. This act shall take effect on the first day of the fourth month
26 next following the date of enactment.
27

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29 STATEMENT
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31 This bill provides a 50 percent sales tax reduction for certain
32 retail sales made in a municipality that is wholly or partially located
33 within the Highlands Region Preservation Area.

34 In an effort to protect the supply of drinking water and preserve
35 existing open space, the State enacted the "Highlands Water
36 Protection and Planning Act," P.L.2004, c.120 (C.13:20-1 et al.),
37 which established the Highlands Region Preservation Area. The
38 law also created the Highlands Water Protection and Planning
39 Council and required the council to adopt a regional master plan
40 restricting the use of land in the preservation area. Thereafter, each
41 municipality located within the preservation area was required to
42 amend its municipal master plan and development regulations to
43 comply with the regional master plan. Consequently, the enactment
44 of the law has limited the economic prospects of certain affected
45 municipalities.

46 According to information acquired from the Department of
47 Environmental Protection's website, 52 municipalities are wholly or
48 partially located within the Highlands Region Preservation Area as

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1 of July 13, 2018. The bill provides that all retail sales made within
2 those municipalities, except for the retail sale of motor vehicles,
3 alcoholic beverages, digital products, and cigarettes, would be
4 subject to the 50 percent sales tax reduction. In doing so, the
5 sponsor of the bill intends to stimulate economic activity in
6 municipalities that may experience economic stagnation as a result
7 of the “Highlands Water Protection and Planning Act.